



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

May 6, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **COUNTERFEIT GOODS NUISANCE ABATEMENT LAW TITLE 13, CHAPTER 13.90 (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

### **SUBJECT**

Request that the Board adopt a Counterfeit Goods Nuisance Abatement ordinance that will apply to the unincorporated areas of Los Angeles County for the purpose of addressing problems associated with properties used for the manufacture, distribution, and sale of counterfeit goods.

### **IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt an ordinance adding Chapter 13.90 to Title 13 – Public Peace, Morals, and Welfare of the Los Angeles County Code to establish the County's Counterfeit Goods Nuisance Abatement Law.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On July 3, 2007, your Board instructed the Chief Executive Officer (CEO) to convene a task force of County departments involved in land use, code enforcement, nuisance abatement, and business license activities, including, but not limited to, the Sheriff, Regional Planning, Public Works, Treasurer and Tax Collector, Health Services, Mental Health, Fire, the District Attorney and County Counsel, for the purpose of examining the County's ability to conduct enforcement activities against the manufacture, distribution, and sale of counterfeit goods in unincorporated areas of Los Angeles County. Your Board further instructed that the CEO consult on this matter with appropriate officials from the Cities of Los Angeles and New York and report back to your Board with a proposed enforcement program, including any recommended regulatory or statutory changes.

As an outcome of meetings with the Task Force and the Cities of Los Angeles and New York, it was determined that an amendment to the Los Angeles County Code providing for the legal restraint or enjoining of property owners permitting counterfeit operations on their property would be a significant tool by which County authorities may successfully address problems associated with properties used for the manufacture, distribution, and sale of counterfeit goods in the unincorporated areas of the County of Los Angeles. The use of unincorporated area properties for activities related to counterfeit goods substantially interferes with property values and impedes the activities of businesses that adhere to State and Federal patent and trademark laws. Based on the detrimental impact to the economy and quality of life of the County unincorporated constituents, counterfeit goods result in a significant public nuisance.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we provide Fiscal Responsibility (Goal 4) and address Community Services (Goal 6). Adoption of this ordinance will allow the County to enhance the quality of life for residents and businesses in the unincorporated areas.

### **FISCAL IMPACT/FINANCING**

The civil penalties collected will be paid to the County treasury. The penalties in the judgment will not exceed \$1,000 for each counterfeit of a mark registered with the State or Federal Patent and Trademark Office manufactured, sold or possessed on the property. Additionally, the County will be entitled to recover legal fees and abatement costs, including administrative costs, from the property owner. If there is a subsequent judgment within a two-year period, the property owner may be required to pay triple the costs of abatement.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Adoption of the ordinance will allow the District Attorney or County Counsel to initiate a civil proceeding to temporarily restrain and permanently enjoin those persons that conduct, maintain, or permit the sale or manufacture of counterfeit goods. Moreover, the ordinance will allow the Court to issue an order directing pre-judgment and/or post-judgment closing of the property by the Sheriff for up to one year in order to abate the counterfeit activity. The closing order may allow the Sheriff to seize and remove from the property all material and equipment used in the creation of the counterfeit goods and sell such material and equipment. The proceeds from the sale will be used to offset the costs of removal and sale of the counterfeit goods, costs associated with keeping the property closed, and the costs of the County's action. The balance, if any, shall be paid to the property owner. Further, the ordinance will allow the Court to vacate a permanent closing order if the property owner posts a bond and provides to the Court that the nuisance has been abated. Such vacating order must include a provision authorizing the County to inspect the property periodically without notice to ensure that the counterfeit goods activity has not resumed.

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Additionally, the District Attorney has drafted legislation modeled after the statewide New York program that would combat counterfeit goods activities which would include authorization to initiate nuisance abatement and unlawful detainer actions. This additional legislation would consider, and if appropriate, increase criminal penalties for repeat offenders. The District Attorney has finalized these proposed additions to the California's Business and Professions Code and the Penal Code and will be seeking legislative sponsorship for both Code amendments.

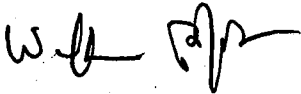
#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The ordinance is a tool that will be utilized to combat the illegal manufacture and sale of counterfeit goods in the unincorporated areas of Los Angeles County. The impact of lost sales for the retail sector in Los Angeles County is estimated in the billions of dollars resulting in an impact on employment. State and local tax revenue loss to the County is estimated at over \$483 million.

#### **CONCLUSION**

Please send one signed copy of the Board letter and ordinance each to the Chief Executive Office, Office of Unincorporated Area Services, County Counsel, Sheriff, and the District Attorney.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF: LS  
DSP:os

Attachment (1)

c: County Counsel  
District Attorney  
Sheriff  
Acting Director of Public Works  
Auditor-Controller  
Director and Chief Medical Officer of Health Services  
Director and Health Officer of Public Health  
Director of Mental Health  
Director of Regional Planning  
Fire Chief  
Treasurer and Tax Collector